

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of a Working Case to        )  
Consider Policies to Improve            )  
Electric Utility Regulation            )

**File No. EW-2016-0313**

**COMMENTS OF THE MISSOURI INDUSTRIAL ENERGY CONSUMERS**

The Missouri Industrial Energy Consumers (“MIEC”)<sup>1</sup> appreciates the opportunity to provide suggestions to the Commission in this case. The Commission's order provides that it is opening this working case "to facilitate stakeholder discussions regarding possible policies intended to improve the way in which the Commission regulates Missouri's investor-owned electric utilities" and to receive recommendations for Commission action. The MIEC recommends several improvements to the Commission's process that would benefit all parties and assist the Commission's decision-making process. The MIEC will first provide general comments on the Commission process, followed by its specific recommendations.

Before presenting MIEC’s recommendations for streamlining, it is important to recognize that the very heart of the regulatory process is the development of rates that are “just and reasonable.” Development of just and reasonable rates requires a balancing of many different objectives, including: adequate cost recovery opportunities for utilities; reasonable rates for consumers; rates that encourage economic utilization of electricity and other resources; and the provision of reliable, safe and adequate service by the utilities. Any changes made in the regulatory paradigm must consider the ability

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<sup>1</sup>The Missouri Industrial Energy Consumers is a not for profit corporation that represents the interests of industrial customers in Missouri utility matters.

to continue to balance these interests in a way that is fair to all participants, and not tilted one way or the other.

It is also important to recognize where Missouri stands among the states in terms of its regulatory environment. **Attachment 1** is a graph that shows how the Missouri regulatory environment compares with those of other states. The state regulatory rankings and ratings were determined by Regulatory Resource Associates, an independent research firm specializing in utility securities and regulation. As shown on the graph, Missouri is solidly in the middle with an A2 rating. This is reflective of the balance that the Missouri regulatory process has achieved. Note that the “average” ranking for Missouri is described as “constructive regulatory environment from an investor viewpoint.” It is certainly important to recognize that from an investor point of view, Missouri’s regulatory process is considered to be constructive. Interestingly, the neighboring state of Illinois, which is sometimes touted as being superior to Missouri because of “formula rates,” is actually ranked BA1, two complete notches below Missouri from an investor’s perspective.

**Attachments 2, 3, and 4** show that the bond ratings and the overall corporate ratings of the Missouri utilities are quite favorable, and again are squarely in the middle of the pack. They have investment grade bond ratings and are able to attract the capital that is needed on reasonable terms because of these ratings which have been earned under current Missouri regulatory processes.

From a rate case perspective, utilities have not been denied adequate rate relief. Over the last ten years the sum of the rate increases granted by the Commission, after hearing, to the Missouri electric utilities totals over \$1.7 billion. Further, utilities have

been allowed to collect an additional \$1 billion through the operation of the fuel adjustment clauses that they have in place. Because of these increases, Missouri's rates are not as ratepayer favorable as they once were, but are still, for the most part, favorable in comparison to the rates charged in many other areas. It is important that Missouri not lose any more ground by virtue of unnecessary changes in the regulatory process that would confer unnecessary benefit on the utilities to the detriment of the process and the resulting rates charged to consumers.

The foregoing discussion shows that Missouri's current regulatory structure is working well in terms of allowing utilities to earn adequate profits, allowing them to raise rates when necessary, and affording investors an attractive structure in which to invest. The MIEC's recommendations below would preserve these benefits of the current Commission regulation while making the Commission's process more efficient for all stakeholders:

1. Establish standard rate case filing requirements that would govern what utilities file along with their testimony, exhibits and workpapers. This could include specific data request items for each utility, consistent with the kind of information requests that the Commission Staff typically makes soon after a filing takes place.
2. Shorten discovery response time from 20 days to a more reasonable time (perhaps 12 to 14 calendar days).
3. Shorten the time between when the utility provides its true-up data and when other parties must respond to that data to 30 days. (In a recent Ameren Missouri case, the interval was approximately 40 days.)

The MIEC appreciates the Commission's interest in improving its process and the opportunity this case presents to share ideas for improvement with all stakeholders.